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SUBJECT: ARGENTINA: AMBASSADOR WAYNE VISITS SALTA PROVINCE

SENSITIVE BUT UNCLASSIFIED--NOT FOR INTERNET DISTRIBUTION

¶1. (U) SUMMARY: Ambassador Wayne traveled to Argentina's Salta province November 30-December 1, to support anti-narcotics efforts, public outreach and commercial diplomacy. The Ambassador visited the DEA's Northern Border Task Force office, and participated in a ceremony to deliver drug dogs trained by the Task Force, met with the Governor to discuss economic opportunities and the political scene, toured the Binational center and announced the selection of a Youth Ambassador from Salta, hosted a dinner of U.S. visitors, met with business leaders, and visited a Coca Cola bottling plant. Press coverage was extensive and positive.
END SUMMARY.

Hotel Sheraton

¶2. (U) Ambassador Wayne was accompanied on this trip by the Cultural Affairs officer, Poloff, the DEA Attach, DEA agent, and the FSN press specialist. The Ambassador met with General Manager Herman Reeling of the Hotel Sheraton Salta to express support for this high-profit U.S. company. Reeling said there is still a lot of work to do to strengthen tourism in Salta, but that the provincial government was working to improve tourism investment and promotion.

Dinner with U.S. visitors

¶3. (U) On November 30, Ambassador Wayne hosted a dinner for former U.S. visitors and grant recipients to discuss ways to improve exchanges. All of the guests said their experiences visiting the U.S. had been positive and, in some cases, had changed their perceptions of the U.S. Some guests lamented that the Argentine system makes it difficult for high-school students to study in the U.S., since course work completed in a U.S. high school is not recognized by most Argentine high schools. The guests all felt that the recent efforts to connect former U.S. visitors after they return to Argentina was a great idea. The guests also agreed that visiting the U.S. is the best way to learn about the U.S. and reduce anti-U.S. sentiment. Several offered to help set up additional exchanges.

FMC Lithium Corp.

¶4. (U) On December 1, Ambassador Wayne met with U.S. based FMC Lithium Corporation President Oscar Lacher and Director of operations Daniel Diaz to discuss the company's lithium production operations in Salta. Lacher and Diaz explained that access to cheap gas is one of the key factors that allows them to remain competitive. FMC will soon connect to a new gas pipeline being completed by the province. It will

replace 100 percent of the heavy fuel oil currently being used and 60 percent of the diesel with natural gas. FMC said that the Romero government is "one of the best in the country" because of its support for private enterprises. They stressed that Romero's administration has "never asked for anything," implying clearly that the company has not been required to pay bribes to the provincial government.

¶15. (U) Lacher and Diaz pointed out that according to a university study from Buenos Aires, nine indirect jobs are created from every one employee in the mining industry in Argentina. They estimated that FMC, therefore, helps provide jobs for 2000 people in Salta. They were, however, concerned about environmental and political action groups criticizing mining in Argentina. FMC said that they have two main concerns over the future stability of Argentina: continuous supply of energy and inflation. Rising inflation is the biggest concern, as it has begun to hurt FMC's cost position with competition in Chile and elsewhere.

¶16. (U) Lacher and Diaz asked Ambassador Wayne if he could help request continued GSP status for Argentina. The 3.7 percent benefit is a major factor helping to keep FMC competitive, especially since their main Chilean competitor has a branch in the U.S.

Northern Border Task Force/Drug Dog Ceremony

¶16. (U) Ambassador Wayne visited the DEA funded Northern Border Task Force (NBTF). Ambassador Wayne was greeted by members of the NBTF and given a tour of the facilities by

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Gendarmeria Nacional Comandante Principal Claudio Domenichini, the task force commander. Comandante Principal Domenichini and Salta Provincial Police Comisario Enrique Cabrera also gave Ambassador Wayne a briefing of the drug trafficking situation along the northern border of Argentina and on the state of various DEA/NBTF operations.

¶17. (U) Following the tour of the NBTF, Ambassador Wayne attended the delivery of six drug dogs trained by the NBTF to officials of the Policia de Seguridad Aeropuertuario (PSA). Salta Governor Romero and Aeropuertos 2000 owner Ernesto Gutierrez, as well as various other provincial dignitaries, attended this ceremony. The event was held at the Gendarmeria Nacional Agrupacion in Salta. The dogs were purchased by Aeropuertos 2000 but trained by the DEA/INL funded NBTF.

¶18. (SBU) The professionalism of the task force and the close federal-provincial cooperation in this operation were impressive. It was also clear that the illicit narcotics problem from Bolivia is serious and seen as growing by local law enforcement and elected officials.

Lunch with Governor Romero

¶19. (U) Ambassador Wayne was honored with a military salute at the offices of Governor Juan Carlos Romero, who warmly welcomed Ambassador Wayne to Salta. Salta city Mayor Miguel Angel Isa presented the Ambassador with the key to the city of Salta. Official press covered the salute and presentation of gifts in the Governor's office.

¶10. (U) Governor Romero hosted Ambassador Wayne to lunch on his private estate just outside the city. Other lunch guests included Victor Manuel Brizuela, Minister of Government and Justice/Head of the Cabinet; Rodolfo Urtubey, prosecutor; Gustavo Cinosi, Executive Director of the Sheraton Pilar; and Dr. Abel Cornejo, First Circuit Federal Court of Salta Judge.

Governor Romero outlined the four main areas he has focused on during his time as governor: energy, infrastructure, agriculture, and tourism. He said that he increased public services and tax collection in Salta, and reduced the province's debt. He has also worked to increase legal and judicial security for companies in Salta, to increase investor confidence.

¶11. (SBU) Governor Romero said that he is against price controls, and has not used the tactic in Salta. He explained that he has focused on building infrastructure and reducing the province's reliance on the Federal Government. He criticized the federal coparticipation system, which has served to increase provincial debt to the Federal Government since the 2001 crisis. Salta, he said, feels more independent because it has nearly no debt to the Federal Government. He would like to see more investment in Salta, and cited a few examples of industries that have really benefited from investment recently: organic sugar farming, wine exports, and lemon oil and lemon extract (used in Coca Cola). Romero said that he has gotten a reputation for privatizing, so he created a new enterprise with Salta's public bus system: he created a large provincial organization to manage the fiscal and managerial aspects of the bus system, and contracted the operations out to private companies. He explained that this way the government can control the quality, and the bus companies can focus on providing service without the burden of budgeting and management. He admitted that his government is investing a great deal in this project, but that the service is really very good.

¶12. (SBU) The Ambassador raised with the Governor the interest of Walmart opening a store in Salta. The Governor said he would be very happy to have a Walmart investment in his province. He said he would be happy to receive the CEO and work out access for the group, which he had heard might be encountering problems in accessing land. Governor Romero said he took pride in encouraging U.S. investment in his province.

Visit to BNC and Youth Ambassador Press Announcement

¶13. (U) Ambassador Wayne toured the Binational Center of Salta and met with its Executive Director Victoria Hannawy, Academic Director Claudia Liliana Corimayo, and other staff. The Ambassador also met the Youth Ambassador selectee, Andrea Rodriguez, and two English teachers from Salta who had participated in the PAS-sponsored TIEC (Texas International Education Consortium) program. Ambassador Wayne made a press statement announcing Andrea Rodriguez's selection as a Youth

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Ambassador, and addressed a crowd of BNC students. Ambassador Wayne spent a few minutes handing out lanyards to the students, taking photos with Andrea Rodriguez and BNC staff members, and chatting with the students about their English classes and plans to visit the U.S. Press coverage of this event was extensive and positive and included the city's largest TV station, newspaper, and radio.

Coca Cola

14 . (U) The last official activity of this trip was a visit to a Coca Cola bottling plant run by the Guerrero Group, a third-generation family company. Director General Ronaldo Guerrero gave a briefing on the history and operations of the company, and then explained the company's extensive social responsibility activities. These activities ranged from helping to build schools, to working with youth organizations like Junior Achievement, to environmental preservation projects. The Guerrero Group operates in four

northern provinces: Salta, Tucuman, Jujuy, and Catamarca. They have social responsibility projects in each of these provinces as well. Ambassador Wayne was given a private tour of the bottling plant, and a plaque commemorating the visit. The Guerrero family was very honored to host Ambassador Wayne, as it was the first visit from a U.S. Ambassador to this company. Press coverage of the visit was positive.

WAYNE